

Bureau of Insurance Statement Regarding Maine Community Health Options

March 26, 2019

Community Health Options (“CHO”) is scheduled to soon deliver its proposed 2019 Business Plan to the Bureau of Insurance (“BOI”). The BOI will review the Plan and, if deemed reasonable, apply it in subsequent monthly statements to track CHO’s performance. Although the 2019 Plan is not yet available, the BOI believes it is still helpful to share CHO’s key reported January results.

CHO reported net income of \$1.3 million for the month of January. As of January 31, 2019, capital and surplus were a reported \$58.4 million, a \$1.1 million increase from \$57.3 million as of December 31, 2018.

The Company’s reported bonds, cash, cash equivalents, and short term investments at the end of January totaled \$160.9 million, a slight (0.3%) decrease from \$161.4 million at December 31, 2018. These assets exceed the Company’s accrued liabilities for member and provider-related obligations and the BOI remains comfortable that CHO has adequate assets to meet its current obligations to its members and their health care providers.

CHO had total membership of 42,946 during January (76.4% individual, 19.7% small group, and 3.9% large group). This reflects a 14.3% drop in total membership from December 31, 2018 when it was 50,128 (79.4% individual, 17.4% small group, and 3.2% large group.) A drop in membership was expected due to the entry of another insurer into the Maine Affordable Care Act-related market as of January 1, 2019. CHO’s actual January membership was 3.7% higher than it had projected for the month.

The reported percentage of the Net Outstanding Claims Inventory (which is the total pending Net Submitted Amount at January 31, 2019) in the 0-30 day period (92.1%) was slightly lower than the figure reported for December 31, 2018 (93.1%). The 0-60 day period inventory (96.2%) was somewhat higher than reported for December (95.1%). The BOI is monitoring the aging of the claim inventory on a weekly basis, so more recent information is available. CHO reports that as of March 18, 2019, the percentage of Net Outstanding Claim Submissions in the 0-30 day period was 93.2% and in the 0-60 day period 96.2%. The age of the average claim in CHO’s inventory on March 18 was reported to be 5.5 days.

During January, CHO increased its aggregate health policy reserves by \$7.4 million from the December 31, 2018 level (this consists of a 2019 policy reserve of \$5.7 million and a \$1.7 million accrual for estimated 2019 risk adjustment obligations). The \$15.8 million premium deficiency reserve for 2019 (accrued as of December 31, 2018) was unchanged in January. Management believes that these were conservative steps pending finalization of its 2019 Business Plan.